



October 15, 2008

Philip Guidice, Commissioner
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Comments Addressing Section 105 of Chapter 169 of the Acts of 2008

Dear Commissioner Guidice:

I am writing on behalf of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid ("National Grid") at the invitation of the Department of Energy Resources, ("DOER") to comment on Renewable Portfolio Standard (RPS) issues raised by SECTION 32, Section 11F of Chapter 169 of the Acts of 2008 (the "Green Communities Act" or the "Act"). The DOER invited comment on the three questions in particular related to the RPS Class I.

What should the Alternative Compliance Payment (ACP) amount be for Class I, and how should it be calculated?

National Grid suggests that no change be made to the current ACP and its calculation. As defined by DOER regulations, an ACP is the equivalent to the New Renewable Generation Attribute associated with one megawatt-hour (MWh) of electrical energy output from a New Renewable Generation Attribute Generation Unit. The value of an ACP should theoretically be directly derived from the total revenue requirement of a new renewable facility and the market value of capacity, energy and ancillary services from this facility. Absent analysis of representative cost data from various renewable technologies to support a new "baseline" valuation of the ACP, the current value of \$50/MWh, originally set for compliance year 2003, should be retained. This allows for some certainty and stability in planning, and there is a Consumer Price Index ("CPI") escalator to keep the price current.

What new or modified criteria should be required for any of the specified eligible technologies or fuels?

National Grid has no recommendation with regard to any new or modified criteria for any of the specified eligible technologies or fuels.

What should be the minimum percentage of megawatt hour (MWh) sales for on-site generation that is up to 2MW, located within Massachusetts, and began commercial operation after December 31, 2007? What should be the appropriate ACP rate for this technology?

National Grid believes that the goal should be maximizing renewables at the least cost. To further that goal, the ACP for this technology should not be distinct from the ACP for other technologies. This keeps all technologies on the same competitive footing. In addition, National Grid would propose that it have the option of retaining Renewable Energy Certificates ("RECs") generated by National Grid owned solar electric generating facilities for meeting the RPS obligation associated with Default Service. In this case, the value assessed would be the annual average value of RECs purchased by National Grid for its RPS obligation.

Very truly yours,

A handwritten signature in black ink, reading "Amy G. Rabinowitz". The signature is written in a cursive, flowing style.

Amy G. Rabinowitz